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Outlook for Eastern Europe's Feed-Meat Trade

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Brazil is taking strong measures to develop its new trend in agricultural exports which emerged in 1972. The new grain elevator at Paranagua is one of the new facilities in the export corridors program to provide better infrastructure for increased exports. Article begins on page 10.

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Outlook 1980: Eastern Europe's Feed-Meat Trade

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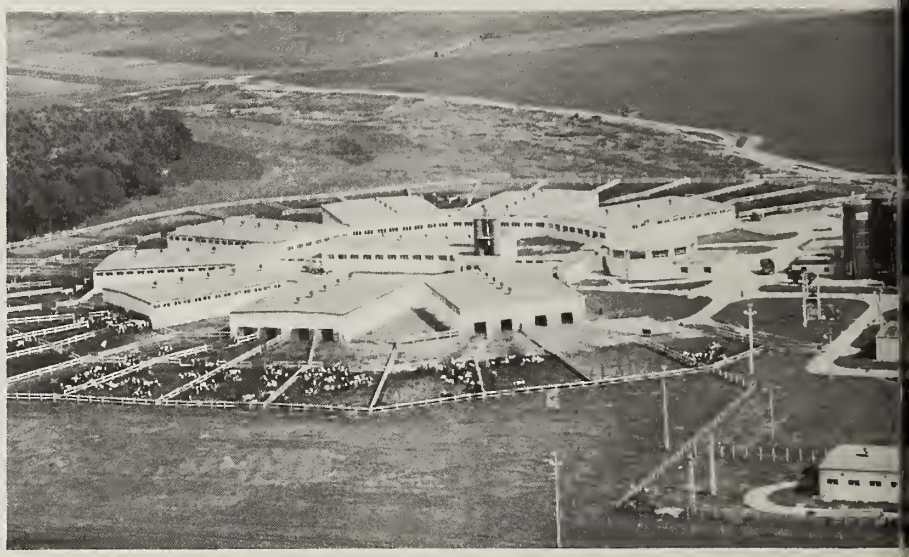

Eastern Europe's participation in world agricultural trade has increased substantially during the last 2 decades, but the makeup of this trade has remained virtually unchanged. For the current decade, however, some major shifts are in sight.

Among the changes expected is a slowly diminishing grain import requirement—contrasted with a sharp rise during the early 1960's—as domestic output expands. Substantial grain imports will still be needed in Czechoslovakia, East Germany, and Poland, but the composition of these imports is shifting in favor of feedgrains and away from wheat. At the same time, grain shortages are likely to continue in the Soviet Union, the traditional grain supplier for the region. Consequently, U.S. feedgrain exports are expected to account for an increasing share of the region's grain imports. The four southern countries—Bulgaria, Hungary, Romania, and Yugoslavia—are likely to develop some exportable grain surplus, but the traditional absence of grain trade among the countries of the region is not likely to change.

The need for high-protein oilseed feeds in Eastern Europe will continue its steep climb of recent years as the region places additional stress on expanding and modernizing its livestock industry. These larger inputs should allow the region to satisfy the growing domestic demand for meat and to increase meat exports.

These are the conclusions of a research team of the U.S. Department of Agriculture's Economic Research Service, which recently concluded a study of the feed-livestock complex of the region.[1] Focus of the study was on livestock products, grains, oilseed feed products, and roughages, with emphasis on competitive relationships among these commodities, technological changes, and Government policies and programs. Analysis was based on 1956-70 data. Projections were made to 1975 and 1980.

The seven East European countries surveyed together occupy an area of 481,000 square miles and had a 1970 population of 123.5 million. This com-

[1] ***Feed-Livestock Economy of Eastern Europe*** **by Francis S. Urban, H. Christine Collins, James R. Horst, and Thomas A. Vankai. The study is currently being prepared for publication. Inquiries may be addressed to Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.**

Counterclockwise from above: Wheat harvest in Bulgaria, a traditional exporter; new pig fattening complex in Palota, Romania; modern Romanian cattle farm; and Simmental-Dutch Friesian dairy cattle feeding on green alfalfa at 50,000-acre Yugoslav Kombinat. Rapid growth and modernization of livestock production is increasing feedgrain needs in Eastern Europe.

pares with the six European Community nations' 452,000 square miles and 1970 population of 188.7 million.

The size of the combined economies of the seven countries is rather modest, since in 1970 their total Gross Domestic Product was estimated at only $149 billion, compared with $143 billion for France alone. However, their economies are showing a rapid growth rate. During the 1960's, Eastern Europe's average per capita GDP grew at the annual rate of 5.3 percent, reaching $1,467 in 1970 (ranging from $623 in Yugoslavia to $1,876 in Czechoslovakia).

While the region is a relatively minor U.S. trading partner in farm products, in 1965-69 accounting for only 2.5 percent of U.S. agricultural exports and 1.7 percent of such imports, it has been a substantial importer of grains, oilseed products, cotton, animal fats, hides and skins, and dairy products. Moreover, the region's importance to U.S. trade has been underestimated in official statistics, which do not include transshipments of U.S. grains, soybean meal, and other commodities through Western Europe and the Soviet Union.

In world agricultural trade, Eastern Europe in 1965-69 accounted for about 6 percent of all grain imports, 8.5 percent of oilseed cake and meal imports, and over 12 percent of fish and meat meal imports. At the same time, it supplied 13 percent of world cattle exports, 25 percent of sheep exports, over 7 percent of hog exports, and close to 7 percent of meat and meat-product exports.

While in the past Eastern Europe has been a large grain importer, with its net purchases reaching an alltime high of 7.2 million metric tons annually in the early 1960's, the study shows that these imports could slowly decline to 4.0 million tons in 1975 and to 3.0 million in 1980.

The three northern countries of the region—Czechoslovakia, East Germany, and Poland—will still import a substantial amount of grains, close to 5.7 million tons in 1980, compared with 6 million annually in the base period, 1966-70. The four southern countries —Bulgaria, Hungary, Romania, and Yugoslavia, which have been traditionally grain exporters—will show in 1980 an exportable surplus of 2.7 million tons, up from 1.6 million annually in the base period.

While during the 1960's efforts were made in Eastern Europe to expand the feed base for the livestock sector, principally by rapidly increasing grain production, the early 1970's have been marked by a planned expansion and im-

EASTERN EUROPE: PRODUCTION, CONSUMPTION, AND NET TRADE OF GRAINS, OILSEED FEEDS, AND MEAT, BY REGION, 1966-70 AND PROJECTIONS TO 1975 AND 1980

[In thousands of metric tons]

Item	Grains [1]			Oilseed feeds [2]			Meat [3]		
	Northern countries [4]	Southern countries [5]	Total East Europe	Northern countries [4]	Southern countries [5]	Total East Europe	Northern countries [4]	Southern countries [5]	Total East Europe
Production:									
Average, 1966-70	30,435	40,032	70,467	496	855	1,351	3,508	2,401	5,909
1975	36,815	47,837	84,652	596	1,208	1,804	4,339	3,177	7,516
1980	41,426	52,856	94,285	658	1,548	2,206	4,973	3,769	8,742
Consumption:									
Average, 1966-70	36,460	38,417	74,877	1,492	1,253	2,745	3,487	2,005	5,492
1975	43,401	45,192	88,593	2,460	1,955	4,415	4,235	2,633	6,868
1980	47,081	50,184	97,265	3,196	2,602	5,798	4,865	3,193	8,058
Net trade [6]									
Average, 1966-70	−6,025	1,615	−4,410	−996	−398	−1,394	21	396	417
1975	−6,586	2,645	−3,941	−1,864	−747	−2,611	104	544	648
1980	−5,655	2,675	−2,980	−2,538	−1,054	−3,592	108	576	684

[1] Include wheat, rye, buckwheat, rice, corn, barley, and oats. [2] All oilseeds used in animal feeding, in oilmeal equivalent. [3] Beef and veal, pork, mutton and lamb, and poultry, in carcass-weight equivalent. [4] Czechoslovakia, East Germany, and Poland. [5] Bulgaria, Hungary, Romania, and Yugoslavia. [6] Minus indicates net imports.

proved efficiency of the livestock sector. This is resulting in increased demand for protein animal feeds, particularly for oilseed cake and meal, beyond the potential of domestic production, which even in the 1960's failed to keep pace with the growth in oilseed cake and meal utilization.

Consequently, the study shows a rapid increase in imports of oilseed feed products, from 1.4 million tons annually in 1966-70 to 3.6 million in 1980. Import demand will be strong in both the northern and southern countries of the region. Of the seven countries, only Romania can be self-sufficient in oilseed cake and meal if it succeeds in expanding substantially its milling capacity.

Although the demand for meat in Eastern Europe has been very high, expanding at 3.4 percent annually during the 1960's and projected to increase through 1980 at a rate only slightly lower, the region will remain a net exporter of about 680,000 tons of meat in 1980, up from 417,000 in the base period. Poland, Hungary, and Yugoslavia will account for about 85 percent of these exports, while Czechoslovakia will remain a net meat importer.

In the case of the other two livestock products analyzed in the study, dairy products and eggs, the region is projected to expand production to the level of self-sufficiency.

These projections, however, need to be qualified.

First, because of large weather variations in Eastern Europe, partcularly in the northern countries, crop projections are valid only as indicators of a trend. In any particular year, large variations from the trend may be expected.

Second, in the region's southern countries, where grain surpluses are projected together with growing deficits of oilseed meals, the management of the scarce foreign exchange is likely to dictate some substitution of oilseed area by grain area, as well as more grain and less oilseed meal and cake feeding to livestock, at the expense of planned improvement in feeding efficiency. Consequently, their actual imports of oilseed products and the exportable grain surplus may be less than projected.

Third, in the case of meats, consumption was projected on the assumption that high retail meat subsidies, prevalent up to now, will be maintained in the future. There are indications, however, that East European Governments are planning to lower considerably such subsidies. If they succeed, the present high growth rate for meat consumption will slow, and meat exports may be larger than projected.

But while East Europeans will find a ready market for beef in Western Europe, the export market for pork and poultry meat is expected to be limited.

These trends indicate that during this decade the United States can expand significantly exports of oilseeds and oilseed products to Eastern Europe. By 1980 the market in the three northern countries will grow to 2.5 million tons and that in the southern countries to 1.0 million. Despite the overall contraction of the market for grain in the region, U.S. grain sales to it may actually increase substantially above the yearly average of 1.5 million tons of the 1960's because of the continued strong import demand in the three northern countries, the growing proportion of feedgrains and the diminishing proportion of wheat in these imports, shortages of grain in the Soviet Union—their traditional supplier—and the lack of grain movement between the southern and the northern countries.

At the same time, the region will continue to be an important supplier of processed pork products, as well as of beef and live cattle, the last two mainly for West European markets. But the increase in meat exports may be modest after 1975.

The general background for the projections is a slowly improving economic climate in Eastern Europe, owing to reforms, most which have been introduced since 1968. These include increased investment in agriculture; substitution of contract buying by the State for previously prevalent compulsory deliveries; increased farm prices; some decentralization and liberalization of marketing; and increased reliance on profits, prices, and specialization in production.

On the demand side, projections were

Continued on page 16

EASTERN EUROPE: UTILIZATION OF GRAINS FOR FOOD, FEED, AND OTHER USES, BY REGIONS, 1966-70 AND PROJECTIONS TO 1975 AND 1980

[In percent of total]

Utilization and year	Northern countries	Southern countries	Total Eastern Europe
Food:			
Average, 1966-70	28.8	35.3	32.2
1975	23.3	30.2	26.8
1980	21.2	27.3	24.3
Feed:			
Average, 1966-70	56.8	51.6	54.1
1975	63.3	58.2	60.7
1980	65.7	61.7	63.6
Other: [1]			
Average, 1966-70	14.4	13.1	13.7
1975	13.4	11.6	12.5
1980	13.1	11.0	12.1

[1] Industrial need and waste.

EASTERN EUROPE: PER CAPITA CONSUMPTION OF SELECTED FOOD ITEMS, BY COUNTRY, 1966-70, AND PROJECTIONS TO 1975 AND 1980

[In kilograms per year]

Item	Czecho-slovakia	East Germany	Poland	Bulgaria	Hungary	Romania	Yugo-slavia
Meat: [1]							
Average, 1966-70	60.8	63.0	48.1	38.3	50.2	28.9	29.8
1975	73.2	71.8	55.9	50.3	61.4	37.2	34.6
1980	80.4	78.3	64.0	58.2	69.3	45.2	39.4
Milk: [2]							
Average, 1966-70	115.8	101.0	253.2	112.5	106.6	112.1	116.2
1975	121.6	109.6	261.0	126.1	121.7	122.4	126.5
1980	127.1	118.5	269.1	139.1	134.6	133.6	137.6
Eggs:							
Average, 1966-70	13.6	12.3	9.7	7.6	11.5	5.2	5.4
1975	15.0	14.4	11.4	8.9	14.3	6.3	7.2
1980	16.3	15.6	12.9	16.2	16.7	7.6	8.5
Grains:							
Average, 1966-70	155.4	124.2	191.4	258.0	175.1	241.1	239.9
1975	141.0	120.2	176.3	241.3	167.8	228.8	223.5
1980	134.3	117.0	166.3	229.8	161.5	218.3	216.2

[1] Does not include fats, offals, horsemeat, and game. [2] In Poland, includes milk fed to animals.

Soviets Expand Irrigation Area To Increase Cotton Production

By ANGEL O. BYRNE
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Picker unloads cotton into trailer on farm in Azerbaidzhan.

THE SOVIET UNION, usually the world's second largest producer of cotton, plans to boost cotton output still further through increased irrigation during the next several years.

All Soviet cotton is grown under irrigation. While cotton area has increased from about 5.2 million acres in 1956 to more than 6.7 million in 1972, even larger increases in yield have been realized. As a result, production has soared from 4.3 million metric tons of seed cotton in 1956 (equivalent to about 6.9 million bales of lint) to 7.3 million metric tons of seed cotton in 1972 (or 11.2 million bales of lint).

For the 1971-75 period, the Soviets plan to increase cotton area to over 7.4 million acres. The 1975 plan for cotton output has remained at 7.2 million metric tons of seed cotton, although this goal was already exceeded in 1972 and may be overreached again this year.

If planned average yield of 2,231 pounds per acre is maintained, realization of the planned acreage set for 1975 could raise total Soviet cotton production to 7.5 million metric tons of seed cotton by the end of the Five-Year Plan period.

Opening of the first link of the Karshi Canal with the Amu-Darya River in southern Uzbekistan on April 30 was one of the first steps in a new, large irrigation project planned in this foremost of the cotton producing Union Republics.

Early fears of low irrigation water supplies and of cotton root rot in some cotton areas in Central Asia are now not expected to significantly affect this season's crop. No change has been made in the national cotton goal of 7.3 million metric tons of seed cotton for 1973.

However, during the second half of the 1980's, the Soviets expect to produce an additional 1.3 million metric tons of seed cotton, thanks to the new, expanded irrigation area planned in the Karshi Valley.

The first link of the Karshi Canal, supplying water along a 13-mile stretch, is expected to boost Uzbek output by 22,000 metric tons.

A new State cotton farm has already been organized in the Karshi Valley, and there are plans to organize four additional farms "in the immediate future."

By 1975, irrigated area in the Karshi Valley is expected to reach 210,000 acres, yielding 100,000 tons of seed cotton. By 1980, planned irrigation area is to reach about 531,300 acres, yielding 400,000 tons of seed cotton.

Total USSR planned cotton area this year was indicated in the latest available press report to be about 6.7 million acres—about the same level as in 1972. As of May 7, an area of 6.6 million acres had reportedly been seeded, nearly 99 percent of planned area. Actual plantings probably exceeded the plan.

The Uzbekistan cotton-producing area was expected to reach at least 4,119,200 acres. On May 16, the Republic reported that about 4,077,200 acres had been sown. In 1972, Uzbekistan planted 4,153,800 acres, and 1973 actual plantings were probably about the same.

TURKMENISTAN planned to seed 247,100 acres more than last year, or 1,247,900 acres. Plantings in Tadzhikistan were down from about 644,900 acres in 1972 to 635,000 acres. Information on 1973 cotton areas in Azerbaidzhan, Kirgizia, and Kazakhstan is still not available.

Apparently, the problem of low irrigation water supplies in some districts of Uzbekistan reported in early March was only temporary. In early May, soil moisture conditions in the Republic were reported good. Concern voiced in early February for some areas in Kirgizia was probably also premature.

On May 13, *Pravda Vostoka* reported that rain as well as low air and soil temperatures in April and the beginning of May had delayed plant growth in Uzbekistan and were adversely affecting plant development. Threat of cotton root rot, which had evidently appeared in some areas of the Republic, was a major fear. Cotton farmers were warned and advised to take all measures to prevent spreading of the disease. Cotton root rot was only mentioned again in the press on May 24, when threat of the disease had been reportedly wiped out in the Tashkent district.

On May 16, Uzbekistan reported cotton status good, plant development on par with 1972, soil moisture sufficient, and warm weather favorable to the crop. Also reported was the reseeding of about 469,500 acres this year. Normal amount of reseeding is unknown.

An article published on May 27 reported that the majority of Uzbek farms had good seedlings—especially in Andizhan, Namangan, and Tashkent districts. Due to below-normal temperatures in mid-May, plant development had been delayed 4-7 days as compared with last year, especially in the Syrdarya, Samarkand, and Bukhara districts.

However, a more recent report as of July 4 indicated that in general cotton development in Central Asia was 2-3 weeks ahead of usual, and 6-8 days ahead of last year. Again, the status of cotton was considered good and soil moisture sufficient.

Bigger Harvests Forecast Should Brake Still-Climbing World Food Prices

With the Northern Hemisphere well into the harvest season for wheat and record increases in plantings for harvest of feedgrains and soybeans expected in the United States, prospects of hampering the world food price spiral are improving.

Owing to last year's poor world crop harvest, together with rapidly advancing incomes in the major industrial countries, sharply rising food prices have gripped virtually every country of the world (see *Foreign Agriculture,* April 2, May 28, and July 2). This situation has focused world attention on food problems that can develop in today's increasingly affluent and urban society when crop shortfalls occur.

That attention, in turn, has led to a number of far-reaching changes in farm policies and trade patterns, including a large increase in U.S. acreage allotments and recent actions by the United States and Canada to control exports of oilseeds, some of their products, and closely related substitute feedstuffs. These latter moves followed earlier export restraints taken by other major oilseed exporters, including Brazil for soybeans and India for peanuts.

Among the developed countries surveyed by *Foreign Agriculture* in its food price series (See issues of April 2, May 28, and July 2), the European Community (EC) nations continue to be plagued by inflation and on June 28 pledged an accelerated fight against this scourge. However, as elsewhere in the world, rising food prices have been a major target in this effort and bringing them in line is largely dependent on supply.

The United Kingdom, with food prices up 16.3 percent in the year ended this May, has posted an especially steep climb, in part because of its transition from a "cheap food" policy to the high prices common in the European Community. Sharp gains in the other new EC members—Ireland and Denmark—also reflect to some extent their adjustment to Community conditions, although the old members also had their share of price problems.

While beef originally led the EC food price spiral, other meats are now taking the spotlight as shifts in demand to less expensive sources of protein begin to be felt. To encourage increased imports and dampen the rise in beef prices, the EC in mid-1972 reduced duties on beef and veal. These reductions—amounting to 50 percent in the EC-6 and total suspension in the United Kingdom and Ireland—are scheduled to be in effect through mid-September. However, the EC Ministerial Agricultural Council, during its mid-July meeting, voted to reimpose all duties and variable levies when the average EC market price for cattle drops below 103 percent of the orientation price. (During the week ending July 14, it was down to 104 percent of orientation.) For overseas suppliers, a 30-day grace period is being allowed.

In West Germany, a price survey by the Central Market and Price Report Institute of German Agriculture (ZMP) revealed prospects for slightly reduced beef prices in the months ahead as a result of expanded supplies, but higher prices for increasingly scarce pork and eggs. Significant reductions were seen for most fruits and vegetables as supplies from a relatively large domestic crop come on the market. Prices for butter and cheese were expected to remain unchanged.

In Italy, pork prices in early July declined as consumers were encouraged to eat more pork instead of switching so heavily to poultry from beef. Tomato prices in the July supermarket survey were running much higher than those last year, and oranges were hard to find because marketing of the Italian crop was over and imports were still under a seasonal ban.

France through April had managed to keep its retail food price increases below those of most other EC countries, with an 8.8-percent gain in its price index from a year earlier. Among meat products, pork was subjected to accentuated price pressure. In addition to a rise in June wholesale prices of pork loin, gains in pork reflected an annual increase allowed in butchers' profit margins. Abundant supplies of eggs and fresh vegetables lowered prices for those items; but orange prices rose as a result of a temporary shortage fol-

RECENT FOOD PRICE CHANGES IN SELECTED INDUSTRIALIZED COUNTRIES, 1973

Country	Month	Index (1963=100)	Increase from Previous month	Increase from 3 months	Increase from 1 year
			Percent	*Percent*	*Percent*
United States	April	149.7	1.5	6.1	11.5
	May	151.2	1.0	5.2	12.8
	June	153.3	1.4	3.9	13.6
Canada	April	148.6	2.6	4.1	12.9
	May	149.8	.8	3.8	14.6
	June	152.7	1.9	5.5	16.7
Japan	April	184.5	1.7	7.0	10.4
	May	187.3	1.5	7.3	12.3
United Kingdom	April	181.3	1.5	5.3	15.4
	May	184.5	1.8	5.3	16.3
Denmark	May	204.0	(1)	4.1	17.2
Germany	April	135.2	1.4	2.8	9.6
	May	136.6	1.0	3.2	10.2
	June	137.8	.9	3.4	9.7
Italy	April	150.2	2.7	4.0	13.1
	May	152.5	1.5	4.7	13.5
Belgium	April	156.7	1.2	2.0	9.7
	May	158.4	1.1	2.9	10.4
	June	159.2	.5	2.9	9.6
France	April	2122.0	1.0	2.4	8.8

[1] Not available. [2] Index, 1970=100. National statistical series for selected countries.

lowing the end of the season for Moroccan oranges and limitations on supplies permitted from South Africa and California.

In contrast with the improved beef situation in some EC countries, the Netherlands has experienced soaring prices for good quality beef during the last 2 months. This jump—coming in spite of Government controls on retail prices—reflects a downturn in cattle supplies in June following relatively large marketings in April and May. Moreover, special beef sales during June had helped to keep prices below normal levels. Pork prices also have been climbing in response to expanded domestic and export demand. High feeding costs have been a factor behind gains in pork, and broilers as well. Egg prices, on the other hand, were on a downtrend as of the first of July, as export demand fell.

In Belgium, food prices continued to rise in June, but at a slower rate than in recent previous months. The official index of retail food prices for June showed the smallest month-to-month increase since March, although it still rose about 0.6 percent. Some fresh fruits and vegetables had begun seasonal declines, but prices of most meats were still climbing. Moreover, the everlengthening list of food items currently in short supply worldwide had made the Belgian trade pessimistic about reversing the upward trend.

Among the new EC members, the United Kingdom has seen some stabilizing of fresh food prices after the sharp spurts of past months. However, manufactured food items are now starting to climb, reflecting catchup attempts following relaxation of British price controls. Many frozen and canned fruits and vegetables will rise 7-8 percent and feed prices 5-8 percent under approvals given by the Price Commission on July 9 of this year.

In Ireland, the Government on June 29 imposed price control measures on a wide range of goods to combat galloping consumer price inflation. Among the actions was an import and wholesale profit margin freeze on a number of farm products, including meats, dairy products and eggs, cereals, fruits, vegetables, sugar, coffee, and spice. In addition, retail profit margins were frozen for eggs and fruit and vegetables, and maximum retail prices were set for sugar, butter, margarine, and cooking fats, baby foods, household flour and meals, canned and frozen beans and peas, and frozen brussels sprouts.

Denmark at the beginning of July was experiencing some relief from the rampant inflation of previous months, with stabilized prices for dairy and poultry products and declines for beef and pork and major fresh fruits and vegetables. However, this was normal for July, and continued inflationary trends are expected to be resumed in August. The overall increase in Denmark's consumer prices this year is expected to total about 9-10 percent, with food up 11-12 percent in price.

The decline in Danish meat prices came partly as a result of recent drought, which limited cattle grazing and—aggravated by high feed costs—prompted farmers to market more animals than normal. This led to a reduction in Government payments to farmers. Other factors have been consumer reaction to high beef prices and extraordinarily warm weather, which prompted declines in consumption and overfilling of markets. Also, a reduction in Danish bacon prices in the United Kingdom since June 7 contributed to lower farmer payments for hogs.

One of the greatest impacts of soaring agricultural prices has been in Japan, which must import almost half its food needs. Through May, the already extremely high Japanese food bill had risen some 12.3 percent from a year earlier.

Japanese food price problems were further compounded by serious pollution of fish, of which the Japanese consume over 70 pounds per capita annually. The latter development followed reports recently of high concentrations of mercury, polychlorinated biphenyl (PCB), and other industrial wastes in fish from Japanese waters. This prompted the Government to issue guidelines for safe fish consumption, which if followed could greatly change diets in this country where fish is the

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES, EARLY JULY 1973
[In U.S. dollars per pound, converted at current exchange rates]

City	Boneless sirloin steak	Boneless chuck roast	Pork loin	Pork chops	Ham, canned	Bacon, sliced, pkged.	Cheese (Cheddar, Edam, Gouda)	Butter
Bonn	4.55	2.69	4.43	2.65	2.16	2.57	1.57	1.51
Brazilia	.58	.52	1.35	1.13	1.50	2.06	(1)	.72
Brussels	3.39	1.90	2.10	1.94	3.55	1.27	1.24	1.48
Buenos Aires	.55	.53	.65	.60	2.12	.92	.75	.88
Canberra	1.84	1.13	1.13	1.13	1.97	1.65	1.20	.83
Copenhagen	4.17	1.72	1.96	2.37	2.04	2.21	1.55	1.42
London	2.99	1.44	1.06	1.34	1.44	1.50	.80	.54
Ottawa	1.83	1.09	1.69	1.55	1.46	1.05	1.03	.75
Paris	2.73	1.53	2.42	2.11	2.83	2.63	1.30	1.56
Rome	2.73	2.53	1.66	1.70	(1)	1.62	1.05	1.42
Stockholm	4.76	2.12	3.40	2.39	4.25	2.50	1.85	1.25
The Hague	3.46	1.72	2.63	2.07	1.98	2.43	1.37	1.36
Tokyo	12.04	6.54	2.51	2.51	3.68	3.44	1.36	1.36
Washington, D. C.	1.99	1.49	1.25	1.69	1.14	1.15	1.23	.75
Median	2.86	1.63	1.83	1.82	2.04	1.86	1.24	1.25

City	Broilers, whole	Eggs, large, doz.	Tomatoes	Onions, yellow	Potatoes	Apples, medium	Oranges medium, doz.	Bread white
Bonn	.84	1.10	.39	.33	.15	.59	1.73	.47
Brazilia	.41	.61	.21	.38	.26	.80	.43	.33
Brussels	1.11	1.09	.63	.28	.09	.43	1.83	.22
Buenos Aires	.34	.63	.27	.12	.09	.24	.46	.27
Canberra	.78	1.07	.50	.26	.26	.18	.84	.29
Copenhagen	1.12	1.23	.74	.48	.27	.73	1.34	.40
London	.54	.72	.54	.21	.10	.32	1.24	.16
Ottawa	.73	.73	.69	.25	.17	.45	.98	.17
Paris	.90	1.07	.51	.31	.10	.45	1.28	.43
Rome	1.02	.80	.36	.19	.11	.26	.64	.12
Stockholm	1.19	1.29	.87	.56	.25	.45	.98	.27
The Hague	.73	.90	.63	.35	.16	.32	1.13	.16
Tokyo	1.03	.61	.27	.20	.22	.49	4.32	.36
Washington, D. C.	.77	.73	.59	.39	.20	.45	.69	.32
Median	.81	.85	.53	.30	.17	.45	1.06	.28

[1] Not available.

NOTE: Items may vary by quantity and type. Prices of some may be distorted owing to different marketing practices.

primary source of animal protein.

The importing countries have not been alone in their food price dilemma. In fact, one of the most dramatic results of the agricultural shortage this year has been the sharp reduction in supplies of traditionally big exporting countries. More accustomed to surpluses and attendant low retail food prices, these countries have had to make radical changes in their agricultural policies, including in many cases temporary controls on agricultural exports.

The most dramatic change, of course, has been in the United States, where anti-inflation measures have included a freeze on all food prices except for unprocessed agricultural products at the first point of sale, which ended on July 19 for all food products except beef when plans for Phase IV were announced. Export controls on oilseeds, some of their products, and some closely related substitutes were imposed when a recently initiated mandatory reporting system revealed that accelerated demand from abroad for limited supplies of some U.S. farm products could endanger domestic production of livestock and meat products.

U.S. retail food prices through June were up 13.6 percent from the previous year. However, the monthly rate of increase had declined from earlier months.

In Canada, another leading exporter of grains and oilseeds, a sharp reduction of stocks and accelerating demand from abroad led to similar controls on exports of oilseeds, their meals and oils, and other feed ingredients.

In the meantime, Canadian consumers continued to reel from the steepest price gains in recent history—16.7 percent for the year ended June 1973. However, the rate of gain is expected to ease somewhat to the point where average prices for calendar 1973 may be up about 10 percent. With incomes still climbing, the average proportionate outlay for food is not expected to show much change in 1973 from the 1972 level of 17.4 percent.

Among individual Canadian commodities, red meat prices finally began to weaken following their steep gains of the past year. Generally speaking, their prices in June held steady or declined slightly, especially forequarter beef cuts, which are less in demand during the summer cookout season. Poultry and egg prices, however, have risen, reflecting rising costs of production.

Canadian fruit and vegetable prices in June rose sharply as supplies dwindled prior to summer harvests.

Another exporter to be affected by surging foreign demand is Australia, where consumers have become increasingly irritated over expanding meat exports and the resulting boost to domestic prices. However, the high prices have begun to have an impact on demand, prompting shifts to lower priced cuts of beef and other products.

Prices of fresh fruits and vegetables, on the other hand, have come down considerably as larger supplies have moved to market.

Argentina—South America's major exporter of grains and oilseeds and livestock and meat products—also has been affected by the strong foreign demand, with "meatless weeks" one result of this pull on supplies. The new Argentine Government has made controlling prices of primary products one of its main goals, which already has had a pronounced effect on the bill for some products.

One of the Government's first acts was to set ceiling prices on live cattle delivered at the Liniers market and subsequently established wholesale and retail ceiling prices. In addition, export taxes on beef and certain grains were increased to maintain export prices at current levels, while domestic prices were being lowered; i.e., the export taxes represented the difference between export and domestic prices.

Then, beginning June 1, the Argentine Government set maximum wholesale and retail prices for certain types of meat and other food items. In most cases, however, no distinction was made for quality, size, and kind of products. Sausage, for example, is now sold at a standard price, even though cost differentials may be as much as 60 percent, and for eggs, no distinction is made for differing sizes.

As these and other countries tighten their belts and reevaluate agricultural policies and dietary habits, they can look forward to some relief in the price spiral. Seasonal declines are now beginning to take place in fresh fruits and vegetables and later, harvests of grains should help alleviate shortages of animal feeds.

In the United States, these prospects for improvement were underlined in the July 10 crop report, which forecasts record U.S. crops of grain and soybeans, with the latter expected to be some 24 percent above last year's record.

U.S. Soybean Exports At Anticipated Levels

Despite the recent implementation of export controls on oilseeds and other products, U.S. shipments of soybeans this season—including those to Japan—will approximate or exceed earlier forecasts.

These forecasts total 490 million bushels of soybeans for the 1972-73 season ending August 31 and 4.7 million short tons of soybean meal for the season ending September 30.

Japan, far the largest export market for U.S. soybeans, is among the countries receiving larger supplies.

Estimated at 121 million bushels, U.S. soybean exports to Japan from the 1972 crop will reach a new record about 8 million above the previous high set last season.

One reason for the larger sales is Japan's inability to obtain supplies from the People's Republic of China. Weather problems in China this past year, especially in the soybean-growing areas of Manchuria and the North China Plain, reduced Chinese soybean production and thus exportable supplies.

Consequently, Japan had to turn to the United States to help fill the approximately 10 million bushels of soybeans annually that have moved from China in recent years.

The United States will be able to remedy this deficit. In addition, there has been a considerable increase in exports of U.S. soybean meal.

Japan usually takes about one-fourth of all U.S. soybean exports and in 1972-73, this proportion will also be realized. Thus, Japan's share of U.S. soybean exports has been maintained, despite the entry of new customers into the market and the current U.S. export controls imposed on soybeans and their products.

However, with Japan dependent on the United States for 90 percent of its soybean needs, it is imperative that shipments be maintained. As of the end of June, Japan had reportedly about 6 weeks' supply of soybeans on hand to meet needs.

These supplies, plus shipments moving there during July and August, could tide Japan over until new-crop soybeans become available in the United States.

Wheat Prospects 1973-74: Canada and Australia

Wheat production appears headed for high levels this season, say FAS experts and agricultural attachés just returned from tours of wheat-growing areas of Canada and Australia.

Canada's Wheat Growers Plant 25 Million Acres

Canada's wheat farmers seeded an estimated 25 million acres this spring. The crop is tentatively estimated at 650 million bushels, but favorable weather could bring a record 28 bushels-per-acre yield for a total production as high as 700 million bushels in 1973.

In view of the unusual combination of high delivery quotas, good prices, and relatively good weather thus far this year, Canada's wheat growers are highly optimistic about the crop, since sales at present prices will mean that prairie farmer incomes in 1973 could reach record levels. Crop prospects are brightened by recent advances in farm technology, increased use of fertilizer, more modern machines, and better control of pests and weeds—as well as wheat shortages that have bolstered demand and prices worldwide.

Contrary to previous years when expansion of wheat acreage has been discouraged, the Canadian Wheat Board asked farmers to grow a maximum of 28 million acres of wheat this year, in the expectation that world needs and prices would remain at high levels.

Canada's total land used for grain production, including summer fallow in the Prairies, has been about 75 million acres during the past few years. Summer fallow has not been below 25 million acres in the past 16 years and most farmers apparently are not willing to plant fallow into wheat or other grain, despite the use of fertilizer and better farming methods that reduce the risk of planting wheat on stubble fields. A reduction of summer fallow upsets cropping patterns, particularly in Saskatchewan, which has large areas of limited rainfall.

Since Canada's wheat crop has now been planted, the remaining uncertainty is the yield. Considering increased use of fertilizers, better seed, and improved equipment—which have combined to produce a long-term uptrend in wheat yields—farmers could harvest a record 28 bushels per acre this season, assuming the year's weather is favorable.

Although dry weather hampered seeding at the beginning of the season, rains began in many producing areas in mid-May. Some areas, however, particularly southwest Saskatchewan and southeast Alberta, were dry until mid-June, when rain fell over wide areas. Excessive rains and some flooding occurred in northwest Saskatchewan and in the Red River Valley of Manitoba.

Although the Government expected grasshoppers to be a serious problem, cool damp weather and some spraying seem to have resolved the situation. Wild oats and other weeds are not more of a problem than usual. Most producers have farm machinery, pesticides, herbicides, and airplanes for spraying that can handle insect or disease problems effectively.

Increased fertilizer use is a major factor in predicting record yields. Fertilizer sales are reported up 25 percent or more in the Prairies.

Improved varieties should also help boost yield. In 1971, Manitou, a good-yielding variety, accounted for 41.5 percent of the acreage in wheat in the Prairies and the new, better-yielding, earlier-maturing variety, Neepawa, 4.1 percent. In 1972, the percentages were 33.5 and 31 percent, respectively. Planting of Neepawa is expected to be even higher this year.

—Based on a report by
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Australian Wheat Area Up, But Below Quotas

Australian wheat crop prospects were much improved by early July rains that encouraged farmers to increase plantings to an estimated 22-23 million acres. Production, although highly dependent on weather conditions, could be in the area of 400-425 million bushels—the third largest crop on record in Australia.

Despite a rise in wheat area generated by good planting weather, acreage is still well below Government expectations this year. Australia, like other wheat exporters, entered the 1972-73 wheat marketing year with virtually all supplies committed. The Government, aware of short world wheat stocks, intensified efforts to expand production.

In cooperation with the Wheat Board, the Government upped acreage quotas for 1973-74 to a point where restrictions were virtually eliminated. Hopes were that area would climb to a record high of 28 million acres, well above the 18-19-million-acre level of the early 1970's and 2 million acres above the 1968-69 high.

To the Government's disappointment, a survey in early spring showed that farmers apparently had no intention of expanding acreage to this level and forecast plantings at about 24 million acres. Subsequently, it became evident that not even this level would be attained. Drought in northern-producing areas and excessive rains in New South Wales and Victoria lowered intentions. Needs for sheep and cattle pasture led farmers to limit wheat planting until feed supplies were assured.

Price considerations have also affected intentions. At present, wool and meat prices are favorable and farmers are inclined to expand livestock output, rather than change cropping patterns to include wheat. Moreover, climatic conditions have been uniformly poor for wheat since the record 1968-69 crop. Thus, when wool prices dipped in the early 1970's, farmers shifted to beef,

Continued on page 16

Brazil's Farm Exports Made 40 Percent Gain in 1972—Hopes High for This Year

By W. GARTH THORBURN
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BRAZIL'S AGRICULTURAL exports vaulted spectacularly to 2.7 billion in 1972, a 40 percent gain over the previous year. Led by coffee, top exports were cotton, cocoa, sugar, livestock and meat products, soybeans, peanuts, and tobacco. Production, although some crops were hurt by poor weather, also was up, soybeans by 65 percent.

A new trend in Brazil's agricultural exports, aside from coffee, emerged in 1972. The four classic exports have been coffee, cotton, sugar, and cocoa. Coffee's status as the leading export remained unchanged and a volume of 19 million bags and a value of $1.1 billion made 1972 one of the best years in coffee export history.

Three commodities, however, showed a remarkable change in value and in position. Sugar exports doubled in volume to 2.6 million tons and earned $421 million to become the second most important export. Soybeans and products became third by earning $270 million and beef seized fourth place with a new record of 169,000 metric tons valued at $187 million. As a result, cotton and cocoa, the other two traditional exports, were pushed down to fifth and sixth places, respectively.

Brazil is taking strong measures to develop this trend by investing $550 million in the export corridors program which will provide better infrastructure for increased exports of soybeans, beef, fruit juice, and other agricultural commodities.

At current price levels, soybeans and products will probably earn the equivalent of US$600 million or more in 1973 and US$1 billion in 1974, and sugar most likely will move into second place as the largest earner of foreign exchange.

These shifts coincide with rapid growth and transformation of the entire Brazilian economy. The growth rate of 10.4 percent in gross national product (GNP) in 1972 gave the economy an average of 10 percent for 3 consecutive years, a feat comparable to that of Japan in recent years.

The change in Government in 1964 initiated a period in which the GNP has grown 79 percent, from $24,380 million in 1963 to $45,500 million in 1972, in addition to reducing inflation from 84 percent in 1964 to 15.7 percent in 1972. London economists have referred to this as the Brazilian miracle.

With good weather conditions in 1973, the overall growth rate of agricultural production is expected to be maintained or improved. If coffee is included for commercial year 1973-74, however, growth may be considerably lower, unless other crops show very fast production increases.

Considering production for both domestic consumption and export, the poor performer in 1972 was wheat. Area planted to wheat was about the same as in 1971, but the amount harvested was abnormally low. Total production is now being estimated at no more than 700,000 metric tons. On the other hand, soybean production was more than 50 percent above 1971 levels, and the 1973 crop promises about 43 percent growth. Coffee production is estimated at about the same level as in 1971, therefore, the growth of all other agricultural products was much more significant than in 1971.

Wheat. Expecting another record crop in 1972-73 of 2.4 million metric tons, Brazilian wheat farmers were hit by the worst weather conditions they have experienced in many years. Excessive rains in some areas lasted for 100 days in the principal wheat producing States of Rio Grande do Sul. Pulgao (plant grub) infestation also hurt. As a result, most of the production was lost and much of the harvested wheat had an extremely low test weight.

Credit repayment terms have been eased and extended to enable farmers to seed the 1973 crop. Minimum prices for 1973 wheat have been set at $115 per metric ton, which represents about a 3-percent increase from 1972.

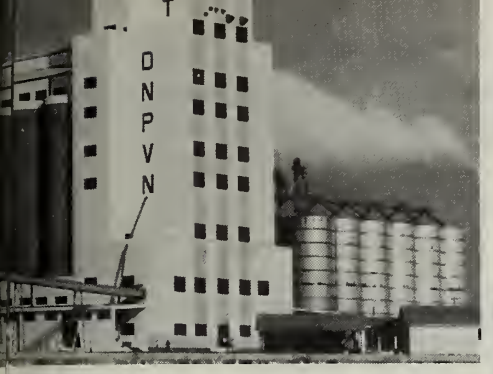
The national supply agency for the Government of Brazil, SUNAB, has established a wheat consumption level of 3.6 million metric tons for 1973, up from 3.45 million in 1972. Duty-free imports have been authorized up to 3.1 million tons, which includes bilateral arrangements. Imports in 1973 will be much greater than for either of the 2 previous years.

Imports of wheat during 1972 were 1.8 million tons with 1 million coming from Argentina, 446,000 coming from the United States, 315,000 from Canada, and 59,000 from Bulgaria.

TO SUPPLEMENT THE low wheat harvest, Brazil under the bilateral agreement with Argentina requested 1.3-1.5 million metric tons. For the January-June period 1 million tons have been purchased.

Coffee. Brazil's coffee production situation is going through a critical phase. The 1973 harvest is expected to be the eighth consecutive crop to be below annual needs of about 27 million bags —18 million for export and 9 million for domestic consumption. Preliminary crop forecasts for 1973 are below 17 million bags. The 1972 frost in Paraná is the major factor in reducing production. To a much smaller extent, coffee rust, now spread in all coffee producing areas, has also lowered production. A further drawdown of Government (IBC) coffee stocks during the 1973-74 marketing year is now anticipated from the estimated low of about 15 million bags in mid-1973. In addition, several million bags are in private hands.

The Government's 3-year coffee tree planting program, initiated during the 1972-73 season, is directed at increasing Brazil's annual production potential from the present average of 20-22 million bags to 26-28 million bags. Objec-



Grain elevator at Paranagua (top left) a new facility in Brazil's export program. Spreading coffee berries in a dirt "dry-yard" (lower left) before milling to remove husk. Soybeans (left) promise to be Brazil's No. 1 foreign exchange earner in 1973. Livestock (above), among Brazil's top exports, numbers about 85 million head.

tives of the $740-million program include the planting of 600 million new trees during the 3-year period 1972-74 and improving the productivity of existing coffee trees.

IBC estimates 1972 total coffee exports at 20.7 million bags, earning a record $1.1 billion. This compares with 1971 exports of 18.4 million bags for $822 million.

Cotton. Brazil's 1971-72 cotton crop netted some 3,100,000 bales, only 184,000 bales below the record set in the 1968-69 season. In south Brazil, heavy rains during the harvest the past season resulted in a smaller crop than anticipated, as well as higher average prices, since farmers had sold most of their cotton before prices began to fall in early June. In the northeast, about 873,000 bales were harvested in the 1971-72 season.

Cotton exports from Brazil during 1972 were considerably higher than 1971 shipments. Unofficial estimates of shipments range from 1,194,000 to 1,286,000 bales. Exports during 1971 were 1,042,000 bales.

Government loan stocks of cotton during 1972 were calculated to have been as high as 505,000 bales in the latter part of the year. This included 276,000 bales of 1971-72 south Brazil cotton and 230,000 bales from the 1972-73 crop in northeast Brazil. Last season was the first time since the early 1950's that the Brazilian Government has held stocks of cotton. According to some sources, well over half of the loan stocks of south Brazil cotton had been redeemed by the end of the year. Stocks held in the northeast had still not moved because the Government's minimum price was still too high for sales in the international market. Usually, about 230,000 bales are exported from the northeast crop each season.

In the last months of the year, the controversy over the levying of the value added tax (ICM) for cotton flared anew. No action was taken to equalize the application of this tax for the current season, but beginning with the 1973-74 crop, all States must levy the ICM at the same rate. Previously the States of Minas Gerais and São Paulo have been exempt from ICM payment. A large reduction in cotton plantings in São Paulo is expected, unless farmers are compensated for this levy.

Cocoa. Brazil's 1971-72 (Oct.-Dec.) cocoa crops of 2.76 million bags of approximately 132 pounds each is about 10 percent below the previous year's crops of 3 million bags. The reduction was caused by dry weather during early 1972, which substantially reduced the size of the 1972 Bahia Temporao crop. Prospects for this year's main crop in Bahia are reported to be very good.

During January-August 1972, Brazil's cocoa bean exports reached 876,383 bags valued at $26.5 million f.o.b., compared with 1,223,666 bags exported during the same period of 1971 valued at $39.4 million.

Cocoa butter exports during January-August 1972 were 18,057 tons valued at $19.8 million, a substantial increase in volume and value over cocoa butter exports during the same period of 1971.

Sugar. Brazilian sugar production during the 1972-73 marketing year (June-May) is expected to reach an alltime record of 6 million metric tons. Domestic consumption of sugar is estimated at 3.78 million metric tons, while volume and value of sugar exports have gradually and steadily increased from 815,312 tons valued at US$60.2 million in 1965 to a record 2.6 million tons with an estimated value of US$421 million during 1972. During the first half of 1973, Brazil has contracted to ship 300,000 tons to the Soviet Union and 60,006 tons to the People's Republic of China at world sugar market prices.

Brazil has the required industrial and agricultural potential to increase substantially its annual sugar production in a relatively short term should domestic and/or international markets require it. The new sugar loading terminal inaugurated last September in the northeastern port of Recife (see *Foreign Agriculture,* Dec. 25, 1972) has a 200,000-ton storage capacity with a mechanical loading system capable of handling 1,000 tons

per hour on a 24-hour per day basis.

Livestock and meat products. Livestock numbers are estimated at about 85 million head, with an outlook for a modest increase during 1973. Swine, sheep, and horse numbers were higher during 1972, and the upward trend should continue through 1973. Cattle slaughter and meat production in 1973 (including plants not Federally inspected) could be at least 20 percent greater than the preceding year, given favorable pasture conditions.

An estimated 10 million head of cattle, yielding about 1.8 million tons of meat were slaughtered last year. Cattle slaughter in Federally inspected meat plants in Rio Grande do Sul alone was more than 50 percent greater during 1972 than in the preceding year. Federal records show about 50 percent more steers slaughtered in São Paulo and Mato Grosso during the first half of 1972, than during the same period a year earlier.

SWINE SLAUGHTER during 1972 totaled more than 2 million head, slightly below the level of the preceding year. Swine producers did not fare well financially, although carcass yields and quality continued to improve as a result of improved breeding, feeding, and management practices. Average mid-year price quotations for pork, expressed in live weight, decreased, oddly enough, by more than 30 percent at the same time that corn and feedgrain concentrate prices were increasing by 56 percent and 80 percent, respectively.

During 1972, the Ministry of Agriculture imported 677 head of high quality breeding swine, with 144 coming from the United States and the remainder from Europe. The animals were resold to breeders, with financing provided by the Bank of Brazil. Brazil's Swine Breeding Association registered 16,517 head of purebred swine last year, compared with 11,299 head during 1971.

Exports of pork products remained at a comparatively low level. However, discussions have been held with Italian business groups to produce 1 million head of "meat-type" hogs annually for processing into pork products by Santa Catarina swine slaughtering establishments for export to Italy and other European countries beginning this year.

Although Brazil's 1971-72 wool clip was estimated at about 18 percent below the preceding year's record of 40,569 tons as a result of poor pasture conditions in Rio Grande do Sul, sheep producers have been pleased with recent advances in prices for greasy wools brought about by rising international demand. Wool prices, which had been depressed for several years, are expected to be nearly triple in 1973 those of the average prices received for the past wool clip. Consequently, wool production next year may reach a new record. Imported sheep breeds are being introduced to improve wool greatly.

Fats and oils. Soybean production in in 1972 was 3.34 million metric tons, more than 50 percent above the previous year's level. Beans and cake exports exceeded a million tons. Both production and exports are expected to increase by 20 percent in 1973 with production expected to reach 4.8 million tons.

Brazil's 1971-72 peanut crop also increased with an estimated total of 893,000 tons, compared with the 1970-71 production estimated at 849,000 tons. The Government raised support levels for the 1972-73 peanut crop by 30 percent, but producers are finding other crops, particularly soybeans, more profitable. Sales of peanut planting seed in 1972 were about 42 percent below those of the preceding year. As a result of reduced planting in both Paraná and São Paulo, the wet crop of peanuts now being harvested may be nearly 50 percent below last year's.

Exports of peanuts and peanut oil were higher in 1972 than the preceding year, based on incomplete port figures. According to the Port of Santos data for the first 11 months of 1972, compared with the same period of 1971, exports of inshell peanuts were up 19 percent, shelled peanuts 106 percent, and peanut oil 11 percent. However, peanut meal exports were down 41 percent from those of the same period in 1971, mostly because of buyer concern over the aflatoxin problem.

Availabilities of cottonseed oil returned to near normal levels during 1972, but lower 1972-73 cotton plantings will probably reduce consumption slightly this year. Oiticica production also returned to nearly normal levels in 1972, following the preceding year's crop failure. Brazil's other important oilseeds last year remained at production levels comparable to those of 1971.

Castorbean production in 1972 totaled about 265,000 tons, compared with about 300,000 tons in 1971, Reduced production was attributed primarily to excessive rainfall in south Brazil and the lack of rain in the northeast. Assuming favorable weather conditions, 1973 castorbean production could increase by nearly 40 percent above the 1972 level. Recent record producer prices and a 62 percent increase in the Government's average minimum support price for the 1972-73 castor crop are expected to encourage an expansion in this year's castorbean plantings.

CASTOR OIL EXPORTS during calendar 1972 probably totaled about 105,000 tons valued at more than $50 million, compared with 134,965 tons in 1971 and 153,485 tons in 1970. Increased world demand combined with decreased production pushed export prices for Brazil's castor oil from about $300 per ton, f.o.b. port at mid-year 1972 to a peak of about $900 several months later. At the end of 1972, export price quotations had decreased to about $820 per ton f.o.b.

Tobacco. The 1972 Brazilian tobacco crop at 191,000 tons was 5,100 tons below production in 1971 as a result of a smaller cigarette leaf crop. Output of Virginia flue-cured was almost 7,000 tons below the previous year's output because of reduced plantings and poor weather during the harvest, which was of fair to good quality. Burley production was also down slightly because of reduced plantings, but quality was good to excellent. With the exception of "twist," production of the other cigarette leaf kinds was up in 1972, compared with the previous year. Cigar leaf output was up to about 31,000 tons in 1972, compared with 28,500 in 1971.

Although lack of sufficient supplies retarded Brazil's exports of cigarette leaf in 1972, shipments in this category were well above those in 1971. Export volume was about 32,000 tons, compared with 25,700 tons in 1971. Cigar leaf exports last year are estimated to have matched 1971's volume of 34,500 tons. In 1972, even greater interest was shown in Brazil's flue-cured and burley tobacco by export dealers.

Last year was also another year of expansion in cigarette output. Sales went up by about 10 percent to almost 83 billion pieces, about 73 percent of which were filter tipped.

Leaf growers will need to expand production of cigarette leaf substantially in the next few years to adequately supply Brazil's huge cigarette manufacturing industry, as well as growing exports.

CROPS AND MARKETS

FATS, OILS, AND OILSEEDS

Argentina and Guatemala Bar Oilseed Product Exports

The Argentine Ministry of Commerce, stating sunflowerseed oil availabilities are only sufficient to meet local consumption needs, has placed an embargo on sunflowerseed oil exports. In a similar action, the Government of Guatemala announced a prohibition on exports of cottonseed and cottonseed meal beginning July 10, in order to prevent local shortages. Cottonseed oil exports are exempt from the Guatemalan export ban.

Canada's Reduced Rapeseed Area Expected To Cut Production

Rapeseed acreage in Canada in 1973, estimated at 3.15 million acres, is 4 percent less than last year's sharply reduced area of 3.27 million acres and 2 percent less than April planting intentions, according to estimates released by Statistics Canada on July 11.

Based on average yields of 17.5 to 18 bushels per acre, rapeseed production this year would range between 55.1 and 56.7 million bushels, very close to the 1972 outturn of 57.3 million bushels. Although production in 1972 was considerably lower than in preceding years, stocks of over 43 million bushels boosted total supply to 100.4 million bushels. This year, however, stocks have been reduced sharply by heavy export movements and the total supply of rapeseed in 1973-74 will be substantially less than last year.

FRUIT, NUTS, AND VEGETABLES

EC Almond Export Subsidy Removed

Effective July 11, 1973, the EC Commission eliminated the export subsidy paid on shipments of shelled almonds. This action follows closely the reduction of the subsidy from 12 units of account per 100 kilos to 6 units per 100 kilos, enacted June 27, 1973.

Australia Sets Final Rate For Sultanas and Currants

The Australian Ministry for Primary Industry has announced final Government payment rates for Sultana raisins and currants harvested in 1972.

Total payments under the Dried Fruit Stabilization Scheme are US$8.85 per short tone for Sultanas and US$5.35 for currants. Figures include an advance payment made earlier.

Total producer returns, including Government payments, were determined to be US$324.60 for Sultanas and US$378.81 for currants.

West German Hops Prospects Favorable

The West German hop industry reports that weather during May and early June was very favorable in all growing areas. Temperatures were above normal, with rain being somewhat below. The vines were reported to have exceeded half the trellis height by the second week of June.

Aphis was first spotted in late May and spraying started shortly thereafter. Barring unfavorable weather during the remainder of the season, crop prospects are very good.

Growers have expressed concern over the drying of the top sprout of the Brewer's Gold variety, accompanied by deformed and curved leaves. The cause is as yet unknown but is under investigation. Thus far, this condition has been confined to the Brewer's Gold variety.

West Germany's 1972 Hop Extract Output

During the 11-month period, June 1972 through April 1973, the West German hop industry processed 24.7 million pounds of hops into 8.2 million pounds of extract. This represents a conversion ratio of 3 to 1. Twenty-two percent of the hops processed into extract were not of German origin and approximately 40 percent were destined for points outside West Germany.

COTTON

Brazil Reduces Cotton Import Duties

Following a July 3 meeting in Rio de Janeiro between cotton growers, ginners, exporters, and representatives of the Bank of Brazil, Brazil's Customs Policy Council (CACEX) approved a resolution to reduce ad valorem duties on unprocessed lint cotton from non-Latin American Free Trade Association (LAFTA) sources to 5 percent from a previous level of 55 percent. Duties on like products from LAFTA origins were reduced to zero.

CACEX simultaneously confirmed earlier reports of an embargo on further export sales of lint cotton from south central Brazil. The decision was apparently made in the face of hardening domestic prices and concern over domestic availability in view of somewhat discouraging prospects for 1973-74 southern production.

Preliminary estimates suggest that plantings in São Paulo may be down 20 percent over a year earlier, and larger reductions may occur in other States. The reduced acreage reflects a preference for soybeans by many farmers, despite attempts by the Ministry of Finance to dampen this enthusiasm by offering shorter term loans with higher interest rates to soybean growers.

The embargo affects only new requests for export licenses

and not those sales registered earlier and those remaining under the 10-percent quota announced in early May, the total of which trade sources indicate would probably amount to some 1,350,000 bales. These same sources also expect that exports of lower grade cotton may be allowed later. The embargo action on export sales of cotton from the southeast extends to the end of calendar 1973.

A decision regarding cotton exports from the upcoming crop in northeast Brazil will not be made until there is a better indication of production.

GRAINS, FEEDS, PULSES, AND SEEDS

India's Monsoon Revives After 2-Week Dry Spell

India's monsoon activity revived on July 2 ending 2 weeks of dry spell, with fairly widespread and continuing rains occurring in many parts of the country, including the States of Maharashtra and Gujarat. Had the monsoon activity not revived in these two States, prospects for the kharif crop (grown during the summer and harvested in the autumn and fall) would have suffered a serious setback. Latest reports indicate that the monsoon now covers practically the whole of India, and is proceeding normally.

Grain Exports and Transportation Trends: Week Ending July 13

Weekly grain inspections for export and grain moving in inland transportation for the week of July 13 and the previous week were:

Item	Week ending July 13	Previous week	Weekly average, June	Weekly average, fourth quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	813	711	728	755
Feedgrains	1,065	730	893	738
Soybeans	75	57	174	238
Total	1,953	1,498	1,795	1,731
Inland transportation:				
Barge shipments of grain	636	515	550	376
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	(1)	31,706	33,519	30,769

[1] Not available.

EC Reduces Wheat Denaturing Premium

The EC Commission has lowered the denaturing premium for soft wheat from $18.81 per metric ton (crop year 1972-73) to $14.22 per metric tons, effective August 1, 1973, and continuing through October 31, 1973. In crop year 1973-74 the Commission expects 9-10 million metric tons of wheat will be denatured.

The lower premium is to keep down the total FECGA costs of denaturing. Moreover, since, according to the Commission, the price of denatured wheat exceeds that of barley, an increase in feed utilization of barley is expected.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 24	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 1 CWRS-14	(1)	(1)	2.02
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	1.81
U.S. No. 2 Dark Northern Spring:			
14 percent	4.17	+23	1.91
15 percent	4.25	+24	1.99
U.S. No. 2 Hard Winter:			
13.5 percent	4.14	+23	1.82
No. 3 Hard Amber Durum	4.98	+44	1.91
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	4.03	+19	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.44	+19	1.50
Argentine Plate corn	3.95	+27	1.74
U.S. No. 2 sorghum	3.23	+14	1.46
Argentine-Granifero sorghum	3.26	+14	1.47
U.S. No. 3 Feed barley	2.85	+ 9	1.24
Soybeans: [3]			
U.S. No. 2 Yellow	9.33	+115	3.79
EC import levies:			
Wheat [4] [5]	.84	−18	1.80
Corn [6] [5]	.41	− 8	1.23
Sorghum [6] [5]	.57	− 3	1.25

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Japan Buys Thai Corn

An association of feed importers in Japan has reportedly signed a contract with Thailand to buy 1 million tons of corn for September 1973-May 1974 shipment. This past season, Japan took only about 370,000 tons from Thailand. The largest volume in any previous July-June season was 915,000 tons in 1971-72.

EC Eliminates Italy's Special Feedgrain Levy

The EC Council has approved a plan for progressive elimination of the special levy arrangement which has been in effect since 1967 for feedgrains imported by sea into Italy. During the 1973-74 marketing year, the import levy would be reduced to 6 units of account. In each successive year, the levy will be lessened by 1.5 units of account, leading ultimately to its termination by August 1, 1977.

Cancellation of the feedgrain levy abatement would place Italy's prices on a plane with those of other EC members.

Supply Problems Create Rice Deficit in Madagascar

Recent problems of inadequate rice production and procurement from farmers have created a deficit situation in rice for Madagascar. Officials are estimating that 100,000 tons of

milled rice may be needed before the new crop becomes available in March-April of 1974.

USDA Reports Export Sales Of Grain, Some Oilseeds, and Meal

Based on information received by the U.S. Department of Commerce, USDA reports undelivered export sales of grain, certain oilseeds, and meal as of June 29, 1973.

This information, as reported by U.S. exporters under Export Control Bulletin 84(a), will be summarized each week under a cooperative arrangement between the Departments of Agriculture and Commerce.

ANTICIPATED EXPORT IN INDICATED MARKETING YEAR [1]
OF GRAIN, SOME OILSEEDS, AND MEAL,
AS OF JUNE 29, 1973

[In thousands of metric tons]

Commodity	1972-73	1973-74	1974-75
Wheat, totals	1,554	20,408	445
Hard Red Winter	919	15,252	311
Soft Red Winter	107	243	0
Hard Red Spring	304	3,406	98
White	107	513	0
Durum	116	914	36
Mixed	0	81	0
Barley, unmilled	148	1,087	0
Rye, unmilled	173	333	0
Oats, unmilled	34	242	0
Corn, except seed, unmilled	10,611	18,017	56
Grain sorghum, unmilled	1,774	2,092	0
Rice	89	198	4
Soybeans	2,109	12,476	190
Soybean cake and meal	1,914	4,721	1
Cottonseed, cottonseed cake, and meal	19	4	0

[1] Marketing years for these crops are as follows: Wheat, barley, rye, and oats—June 29 to June 30, 1973 and July 1, 1973 to June 30, 1974; and July 1, 1974 to June 30, 1975; rice and cottonseed—August 1 to July 31; soybeans—September 1 to August 31; and corn, grain sorghum, soybean cake and meal—October 1 to September 30.

TOBACCO

The Philippines Adopt Tobacco Auction System

The Philippines first flue-cured tobacco auction market opened in May as a replacement for the traditional Philippine Virginia Tobacco Admnistration (PVTA) buying program. The change was instituted by the Government to reduce procurement cost of manufacturers and exporters of leaf tobacco by eliminating the middlemen.

The PVTA, which supervised the auction, reported prices ranging from 37 to 54 U.S. cents per pound. This is considerably higher than the Government subsidy prices which ranged from 10 to 24 U.S. cents per pound depending on quality.

Flue-cured tobacco production in the Philippines continued its downtrend for the 1972-73 crop year with a 21-percent decline. The smaller crop is attributed to reduced acreage caused by dry weather at planting time. The current unofficial estimate is 44.1 million pounds of flue-cured tobacco, compared with 55.8 million pounds for the 1971-72 crop year. The limited crop and reduced PVTA stocks of flue-cured tobacco are major factors in the current high prices. Flue-cured tobacco will contribute about 30 percent of the total 1972-73 tobacco crop estimated at 154.3 million pounds.

Some observers believe the attractive prices this year could result in doubling of the 1973-74 flue-cured crop, assuming favorable weather. Any substantial increase in production will undoubtedly force prices back in line with the Government subsidy prices.

France Announces 1973 Tobacco Price Policy

In an effort to appease French tobacco growers, the French Ministry of Finance has announced that the "quality premium" on the 1973 tobacco crop will be doubled from 2.5 percent to 5 percent. This increase, coupled with the 1-percent price increase already announced by the European Community, will boost prices to producers by 3.5 percent above the average price paid the previous year.

This will undoubtedly provide little solace to the producers who had expected much more and claim they need a 16-percent price increase just to stay even with 1970 prices when both current and 1970 prices are expressed in constant francs. The producers claim the announced price policy will reduce EC tobacco production and pave the way for increased U.S. tobacco imports by EC countries.

SUGAR AND TROPICAL PRODUCTS

Uganda To Expand Cocoa Production

The Diversification Fund of the International Coffee Organization has contracted to loan the Government of Uganda $1.47 million to finance a cocoa development project in Ugandan coffee areas. Approximately 18,500 acres of new cocoa are to be planted during the 1973-76 period, bringing the total area under cocoa to about 31,000 acres.

The cocoa project will offer an alternative source of income to coffee growers and will provide Uganda with an additional source of foreign exchange.

New Foreign Agriculture Circulars

- Sisal and Henequen Production Levels Off in 1972; Abaca Up (FVF-1-73)
- Larger U.S. Exports of Canned Fruits and Vegetables (FCAN-3-73)
- U.S. Exports of Breeding Swine in Calendar 1972 (FLM-9-73)
- Mexican Oilseed Outlook (FFO-10-73)
- 1973 World Production of Fats and Oils Revised Downward (FFO-12-73)
- World Cotton Production Rises 4 Percent in 1972-73 (FC-16-73)
- April Cotton Exports Top 500,000 Bales for Fifth Month (FC-17-73)

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FOREIGN AGRICULTURE

EASTERN EUROPE'S FEED-MEAT TRADE

Continued from page 4

based on assumed rates of population and income growth and on analysis of past trends. In this, feed demand projections are a function of projected livestock production, computed feeding rates, and assumed improvements in animal feeding efficiency. Eastern Europe's population is expected to increase at the rate of 0.8 percent annually, reaching 133.2 million in 1980, while its per capita income will grow at a rate similar to that achieved during the 1960's, 5.1 percent per annum.

Per capita meat consumption in the region is projected to increase through 1980 at an overall annual rate of 2.6 percent, rising more rapidly in the poorer southern countries than in the northern countries.

In Czechoslovakia, where consumption levels approach West German standards, the increase will be from 60.8 kilograms per capita in 1966-70 to 80.4 in 1980. In Yugoslavia, with the lowest consumption level, the increase will be from 29.8 kilograms to 39.4. For the region, total consumption will grow at 3.2 percent per year, nearly the same as total production, so that further expansion of meat exports after 1975 will be modest unless East European Governments succeed in reducing presently high food subsidies.

Consumption of grains for food will decrease in all countries of the region at the annual rate of about 0.9 percent. In East Germany, the decrease will be from 124.2 kilograms per capita in the base period to 117 in 1980, while at the other extreme, in Bulgaria, it will decrease from 258 kilograms to 230. The feedgrain utilization in the region, however, will continue a rapid expansion achieved in the 1960's of 4.1 percent annually through 1975 and will slow thereafter to about 2.8 percent, as the feeding rates in Eastern Europe approach more closely those in the advanced countries of Western Europe.

Even more impressive, indicating the rapidly improving livestock production in Eastern Europe, is the increase in the total oilseed and oilcake requirement. The rate achieved during the 1960's was 10 percent per year. This increase is projected to continue at 6.4 percent per year through 1980. During the same time, oilseed production will grow at only 4.2 percent per year, resulting in the large gain in import requirements of oilseed feeds.

Australian Wheat Crop Prospects

Continued from page 9

rather than wheat.

Finally, Australia's wheat pricing system or stabilization scheme has been an important factor in holding down wheat acreage gains. Although growers are aware that world wheat prices are at favorable levels, they tend to regard the Wheat Board's first advance payment at delivery as the price for wheat. This price has remained constant until this year, when it was increased slightly to encourage output. Unlike lower but immediate receipts from coarse grain sales, growers receive wheat crop payments without interest over a period of years. Farmers are, in effect, financing export sales made on long-term credits.

Although wheat acreage in most of Australia will not reach the levels expected in March, some areas, particularly the drier interior, may plant slightly more than expected.

Queensland could plant about 1 million acres of wheat, alleviating concern that the 6 million bushels needed domestically might not be available. Northern New South Wales' expectations changed almost overnight, as mid-June rains spurred additional plantings, while wheat crops in most other areas of New South Wales are off to an excellent start.

After late planting, Victoria wheat farmers have been plagued by excessive rain, and much intended acreage probably will not be seeded. South Australia has had a generally good season, although planting rains were slightly late. Western Australia, however, enjoyed excellent planting conditions.

September weather will be a critical determinant of outturn in most of the wheat belt, particularly in Australia's drier interior regions.

—Based on a report by
JAMES H. BOULWARE
Foreign Agricultural Service

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